

City of Stockbridge Capital Asset Policy

This policy establishes the minimum cost value (capitalization amount) that shall be used to determine the capital assets, including infrastructure assets that are to be recorded in the City of Stockbridge's annual financial statements in order to comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34.

This policy also addresses other considerations for recording and depreciating fixed assets in order to comply with the provisions of GASB Statement No. 34.

1. Capital Asset definition

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

2. Capitalization method

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

3. Capitalization thresholds

The City of Stockbridge establishes the following minimum capitalization thresholds for capitalizing fixed assets:

Land and improvements	\$25,000
Buildings and improvements	\$50,000
Machinery/equipment/vehicles	\$5,000
Infrastructure	\$150,000

Detailed records shall be maintained for all fixed assets above the established thresholds.

Infrastructure assets

In accordance with GASB Statement 34, the City of Stockbridge, at a minimum, records "major" infrastructure asset as defined in Statement 34 that were acquired, constructed or significantly reconstructed, or that received significant improvements after June 30, 1980. Other infrastructure assets may be capitalized as deemed appropriate. The City of Stockbridge does not use the "modified approach" to record infrastructure.

Other assets

Detailed records are maintained at the discretion of the City Treasurer for all items below the capitalization thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment and electronics that fall below the established thresholds and any other assets specified by the City Treasurer.

Depreciation and useful life

The City Treasurer will assign an estimated useful life to all assets for the purposes of recording depreciation. The City Treasurer will maintain a "Suggested Useful Lives" schedule to be used to establish lives for most assets. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented. Depreciation is recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

Safeguarding and controlling fixed assets

All machinery and equipment, vehicles and furniture shall be assigned an asset number and identified with a fixed asset tag. The City's asset manager shall perform a physical inventory annually on or about October 1st, which shall be compared to the physical inventory records. The results shall be forwarded to the City Treasurer no later than December 31st whereby appropriate adjustments shall be made to the fixed asset records.